

REGULAR MEETING OF
THE BOARD OF DIRECTORS
NACOGDOCHES COUNTY HOSPITAL DISTRICT
TUESDAY, DECEMBER 19, 2017 @ 4:30 P.M.

IN ATTENDANCE:

Lisa King, President
Patrick Kuhns, Vice-President
Ahammed Hashim, MD, Secretary
Duncan Rogde
Walter Scott
H. Farrar Bentley
Anita Kite

ALSO IN ATTENDANCE:

Gary Kendrick, Interim CEO
Scott Bentley, CFO
Linda Lawson, CNO
Edwin Ferren, CMO
Jerry Baker, Legal Counsel
Ella Nobles, Executive Assistant

ABSENT:

Jeremy Smith, MD

- I. **CALL TO ORDER:** Ms. King called the meeting to order at 4:32 p.m. in the Auxiliary Conference Room.
- II. **APPROVAL OF MINUTES: November 28, 2017:** Motion to approve the minutes made by Mr. Rogde and seconded by Mr. Scott. Motion carried unanimously.
- III. **CITIZENS COMMUNICATIONS:** There were no citizen communications.
- IV. **Board Education CHC–Electronic Clinical Quality Measures-**Ms. Boykin presented, The Transformation of Quality Assessment/ Performance Improvement (QAPI) Programs. This presentation is to help better health, give better care and do it at a lower cost. Ms. Boykin has discussed Measurement & Feedback, Public Reporting, Certification Accreditation Regulation and Health Information Technology. These are called NQS Levers. This provides performance feedback to plans and provides to improve patient care, compare treatment results, costs, and patient experience for consumers, adopt or adhere to approaches to meet safety and quality standards and to improve communication, transparency, and

efficiency for better-coordinated health and health care. This ECQM is set up for the use of having the information needed in our system so when data is pulled the correct information is available. Dr. Hashim referred to physicians documenting on paper, no electronic documentation on inpatients. The ER physicians are the only ones that document electronically.

Ms. Boykin stated that these fields need to be added and structured by our IT department, informatics and the clinical team. This Soarian upgrade will help improve documentation.

- V. **MEDICAL STAFF REPORTS-** *Jeremy Smith, MD: Absent*. Dr. A. Hashim presented the Medical Staff report in place of Dr. J. Smith. Seven reappointments, seven new appointments and three withdrawals were given for the medical staff report. Motion to approve made by Mr. Scott, seconded by Mr. Kuhns. Motion carried unanimously.

VI. **ACTION AND PURCHASE REQUEST**

- WOW Moment of the Month Recognition- Charles Akers presented the WOW moment. Recipient was Dan Woods.

A. **Results of Operations- Scott Bentley:**

Overview

Net Consolidated Financials show EBIDA of (\$3,158) on a Budget of (\$324K). The hospital received a DSH payment of 695K. This was budgeted for \$ 801K. The hospital also properly received its EMS Accounts Receivable, net impact of (\$1.4M). This included reserving all unbooked discounts and uncollectable accounts.

Volumes

- Acute Admissions were 282 compared to 360 last year (21.7%)
- Acute Patient Days were 1,059 compared to 1,473 last year (28.1%)
- Rehab Admissions were 21 compared to 27 last year (22.2%)
- Rehab Patient Days were 317 compared to 304 last year 4.3%
- Acute ALOS was 3.76 compared to 4.09 last year 8.2%
- Medicare Case Mix was 1.8990 compared to 1.5816 last year 20.6%
- Total Surgery Cases were 175 compared to 216 last year (19.0%)
- Births were 59 compared to 86 last year (81.4%)
- ER Visits were 2,314 compared to 2,545 last year (9.1 %)
- Observation Days were 127 compared to 250 last year (49.2%)
- OP Diagnostic Visits were 1,578 compared to 1,731 last year (8.8%)
- Physicians Clinic visits were 3,645 compared to 2,737 last year 33.2%

- OP MRI's were 102 compared to 131 last year (22.1%)
- Cath Lab Procedures were 122 compared to 149 last year (18.1%)
- GI procedures were 81 compared to 125 last year (59.2 %)
- Total Imaging procedures were 3,633 compared to 4,041 last year (10.1%)

Income Statement

- Patient Revenue was down(8.7%) compared to last Year
- Net Operating Revenue was down (4.5M) compared to last year (56.0%)
- Operating Expenses were down (\$599K) compared to last year
- EBIDA was down (3.9M) compared to last year
- SWB was down (\$512K) compared to last year
- Supplies were down (\$325K) compared to last year

Cash Flow

- Net Days in Patient A/R was 37 on a goal of 45
- Cash Collected as a % of Rolling 12month Net Revenue was 93.2%

Motion to approve Results of Operations, made by Mr. Kuhns, seconded by Dr. Hashim. Motion carried unanimously.

- B. Strategic Committee – Duncan Rogde:** Mr. Rogde gave a brief update of the Strategic Committee. Mr. Kendrick spoke about the invitation to NEDCO meeting in December. Mr. Kendrick also spoke about a scheduled visit with Family Practice Physician and Chief Resident of General Surgery at UTMB that is interested in our facility. No action taken.
- C. Compliance Update – Betty Kinsey:** Ms. Kinsey stated under the CIA training for employees needs to be at 95% by 12/31/17. Currently we are at 91.55%. We would like to reach 100%. Discussed new board member training, sent out slide deck and attestation via email to those new board members. Reportable items in our CIA are changes in the board member status, which has already been reported. In January, she will complete department meetings, aiming at resetting the bars. Compliance surveys will be given to team members and board members; and plan to get that out by the end of January. Ms. Kinsey opened the floor for questions. No action taken.
- D. Contacts & Agreements**
1. **Physician Contracts - Richard Wallace-** Mr. Wallace presented the Physician Contract to the Board. This was a Non-Binding Letter of Intent for Peggy Johnson, D.O. The following Summarizes the principal terms and conditions under which the hospital would employ the physician to practice in

Nacogdoches. Dr. Peggy Johnson would be a Full time employed physician. She would be providing professional medical services exclusively to Employer patients. Dr. Johnson will oversee the quality and care and supervising med-levels at the Care First Clinic and such locations in or within Nacogdoches County, Texas, as determined by Employer. Jerry Baker our legal counsel has reviewed this contract. Motion to approve was made by Mr. Kuhns, seconded by Mr. Scott. Motion carried unanimously.

2. **Advance Practitioners Contracts-Richard Wallace-** Mr. Wallace presented the contract for Advance Agreement to the Board. This Advance Practitioners Agreement will make changes with our mid-levels and standardize the current contracts so that the wording would be the same. This contract would also mean that each Practitioner would have a contract of agreement with an increase for some in pay grade. Jerry Baker our legal counsel has reviewed this contract. Dr. Hashim commented that, apart from the DSRIP money, this, and that, our mission is to take care of the indigent patients and we need people to help with that. Motion to approve was made by Mr. Kuhns, seconded by Ms. Kite. Motion carried unanimously.

E. Capital Purchase & Building Improvements

1. **Swissray Equipment Purchase –Linda Lawson-** Ms. Lawson presented the Swissray Equipment Purchase to the Board. This purchase would be for the replacement of our X-ray machine located in the ER. The current machine has reached its end of life and needs to be replaced. X-ray department went out for bids making the Swissray Equipment more affordable. This equipment will cost \$68,750.00 this includes installment and removal of the old equipment and training. One-year warranty comes with this purchase, asked by Mr. Farrar. Jerry Baker our legal counsel has reviewed this contract. Motion to approve was made by Mr. Scott, seconded by Mr. Kuhns. Motion was carried unanimously.
2. **Laundry Equipment- Scott Bentley –** Mr. Bentley presented the Laundry equipment purchase. This is just getting approval for the purchase of the laundry equipment and the purchase of linen. Mr. Scott Bentley stated that the laundry equipment would be an investment of about \$110,000 for equipment. The estimated operating expenses are less than \$200,000 a year. We will save \$250,000 a year, with an investment of only \$110,000. Ms. Anita Kite asked how many people it would take to operate the laundry; and Mr. Scott Bentley replied that it would be a total of four FTE's. Ms. Kite also asked if this would include the linens. Mr.

Scott Bentley replied that it would be about \$ 50,000.00 purchased through med-line with replacement of linen at a cost of \$60,000.00 yearly, which is built into the operating expenses.

Mr. Farrar Bentley asked, "Where is this money coming from"?

Mr. Gary Kendrick stated that the money will come from the money we will not be paying the outside linen service. We will be saving money.

Mr. Farrar Bentley replied, " We are buying things and we say we have no money" How will we pay for this?

Mr. Kendrick stated that the savings of the \$450,000 we would use half of the savings for this purchase. We are current with the existing service. The current laundry contract expires at the end of February, and this new contract needs to be in place to begin March 1, 2018. In addition, Mr. Scott Bentley added we collect on patient accounts daily and cash is constantly coming into accounts payable so the funds will be in place for this project. The laundry room will be located in the same place as before. Motion to approve was made by Mr. Kuhns and seconded by Ms. Anita Kite. Motion was carried unanimously.

3. **Softlab Computer Agreement –Scott Bentley-** Mr. Bentley presented the Lab Software Upgrade. This upgrade is in addition to the Lab Software already approved. The basic package did not include the quality module needed for the necessary lab indicators to meet ECQ and Joint Commission standards. This extra addition will cost \$110,000.00. Mr. Farrar Bentley asked for a quote for the total package and Mr. Scott Bentley agree to provide a detail quote to Mr. Farrar Bentley.

Mr. Kendrick stated that the total three components to this upgrade had already been brought to the board prior to Mr. Farrar Bentley being on the board. This is covered under the current loan with BancorpSouth that was originally for the new Cerner project. Ms. Anita Kite expressed concerns about the neglect in putting all components into the previous approved agreement. Ms. Kite was also confused about the software maintenance increases due to having no idea what we would now be paying for monthly service, maintenance or any of those things without knowing the base amount. Mr. Scott Bentley indicated that a spreadsheet would be provided to explain all other detailed expenses, including the three systems on which we are currently paying. Motion to approve was made by Mr. Scott and seconded by Dr. Hashim. Motion carried unanimously.

F. Other Business

1. **Moving board meeting from 4:30 to 5:30-** Farrar Bentley presented a request to move the time of the board meeting. He felt like it would be open to more citizens attending if it was later.
 - **Other board members expressed making it later would not mean more attendees, if they were going to attend, they would be here.**
 - **It would not be so bad for board members that get off from work late or that pick up kids.**
 - **This item agreed by ALL board members to think about it and bring it back to the next meeting for discussion.**
2. **Discuss board education during monthly board meeting –** Ms. Kite discussed education during the monthly board meetings, expressing concern of time being spent on presentations, which could be given at a different time, possibly moving to the end of the board meetings or another day. The board decided the education was necessary for Joint Commission and the time will be monitored.
3. **Changing monthly finance balance sheets format –** Ms. Kite wanted to make sure the board received a balance sheet at the monthly board meeting. Ms. Kite also discussed the Texas law that requires an amendment to the budget if the hospital goes over budget. Mr. Baker discussed and gave an example of a case in which the budget would need to be amended and felt that this is something that has not taken place.

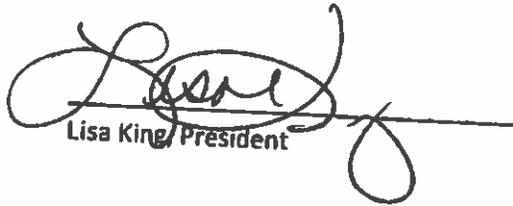
VII. ADMINISTRATIVE REPORT

- A. **CEO Report/ Board Calendar-Gary Kendrick-Mr. Kendrick stated that everything was covered all through this meeting that he planned to discuss except for the board calendar. No further discussion needed.**
- B. **CHC Report-Wilson Weber-** Mr. Weber presented the CHC report giving an update on Human Resources finding our permanent Chief Compliance Officer. Mr. Weber gave clinical updates, preparation of the CMS survey, and action plans on helping to increase our monthly cash flow. This information also included Managed Care updates, continue to follow-up with BCBS on the hospitals counter proposal, negotiation with Humana, proposal from Medincrease, assisting IT with 2018 Strategic Plan, and help Executive IT Director become oriented. Supply chain updates.

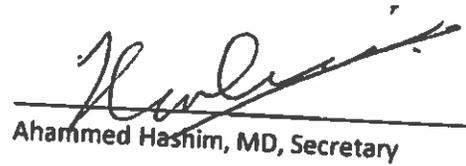
VIII. RECESS TO EXECUTIVE SESSION: Ms. King recessed the meeting to executive session at 6:17p.m.

- Consultation with Legal Counsel Regarding Pending or Contemplated Litigation under Tex. Govt. Code §551.071

- Deliberate the Appointment, Employment and Duties of an Employee under Tex. Govt. Code §551.074
 - Deliberation of the provision of healthcare services under Tex. Govt. Code 551.085
- IX. RECONVENE TO OPEN SESSION:** Ms. King reconvened the meeting to open session at 7:03 p.m.
- XI. ADJOURN:** Ms. King stated there is no further business to consider. The meeting adjourned 7:04 p.m.



Lisa King, President



Ahammed Hashim, MD, Secretary